

ABSTRACT

A method for determining the comparability of at least two bonds is provided and includes the steps of identifying a plurality of factors and determining a value for each of said plurality of factors for each of the at least two bonds. Next, a covariance matrix is formed where the covariance matrix includes a weighting factor for each of the plurality of factors and where each of the weighting factors relate to an amount of market activity attributed to the corresponding one of the plurality of factors. Finally, the comparability of the at least two bonds is determined based on the values for each of the at least two bonds and the covariance matrix.